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The situation in central Asia and the Caucasus and European security

REPORT

submitted on behalf of the Political Committee
by Mr Baumel, Chairman and Rapporteur, and Mr Akçalı, co-Rapporteur

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*submitted on behalf of the Political Committee²
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and Mr Akçali, co-Rapporteur*

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¹ Adopted unanimously by the Committee.

² *Members of the Committee:* Mr Baumel (Chairman); MM Urbain, Blaauw (Vice-Chairmen); MM Antretter, de Assis, Bianchi, Brancati, Bühler, Sir Sydney Chapman, MM Cusimano, Dias, Mrs Dumont, MM Ehrmann, Evangelisti, Eyskens, Mrs Fischer (Alternate: *Schloten*), Mr Forni, Lord Grenfell, Mr Irmer, Lord Kirkhill (Alternate: *Davis*), MM Liapis (Alternate: *Micheloyiannis*), MM van der Linden, Van der Maelen, Marshall, Martínez, Martínez Casañ (Alternate: *Arnau*), MM Puche Rodríguez, Recoder, Rippinger, Roseta, *Skoularikis*, Vrettos, Woltjer, Wray, Yamgnane, Zierer, N ... (Alternate: Mrs Squarcialupi)

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Draft Recommendation

on the situation in central Asia and the Caucasus and European security

The Assembly,

- (i) Recalling problems raised following the break-up of the Soviet Union, by the appearance of eight new independent states in central Asia and the Caucasus which are attempting to define their role and find their place in relation to one another and the major powers around them;
- (ii) Stressing the need to help these states in the difficult tasks of stabilising their internal situation and establishing democratic and pluralist structures based on a flourishing economy, while at the same time taking their characteristic ethnic, cultural and religious diversity into account;
- (iii) Recalling also the principle of the inviolability of the borders of those countries, many of which were the outcome of arbitrary decisions taken at the time by the Soviet authorities without any care as to whether they corresponded to the ethnic, linguistic and cultural reality of the regions in question,
- (iv) Noting with consternation that civil war continues to rage in Afghanistan apparently without any real desire on the part of the parties to the conflict to seek a peaceful solution by opening negotiations,
- (v) Welcoming the peace settlement putting an end to the conflict in Tajikistan but fearing that the exclusion of certain interested parties from that settlement, the presence of forces involved in the Afghan war on Tajikistan soil and the ambiguity of the role of Russian forces in that country may give rise to further tension that could rock the stability of neighbouring countries such as Uzbekistan and Kirghizstan,
- (vi) Supporting the peace plan drawn up by the OSCE's Minsk Group to find a peaceful, lasting and fair solution with regard to the future status of the province of Nagorno-Karabakh,
- (vii) Wishing also that the plans for a peaceful, political settlement of the conflict in Abkhazia should be successfully implemented as quickly as possible to the satisfaction of all the parties concerned,
- (viii) Convinced that peacekeeping missions to crisis flashpoints in central Asia and the Caucasus should be entrusted to multinational forces, not exclusively recruited from the Russian army or the armies of the CIS member countries;
- (ix) Desirous that the rivalry between certain countries of the region where each is seeking to be recognised as a major regional power, will quickly give way to a spirit of cooperation and solidarity on the basis of equality among all countries within the neighbourhood,
- (x) Noting that a large number of foreign firms and powers are engaged in cut-throat competition to exploit the natural wealth of the depths and coastal surrounds of the Caspian Sea and that the coastal states, in particular Kazakhstan, Turkmenistan and Azerbaijan, are thus exposed to all kinds of pressures from countries competing for profits from exploitation of such resources;
- (xi) Desirous that an equitable international arrangement, negotiated in conjunction with all interested countries and companies, will put an end to "the pipeline war".
- (xii) Noting with concern that persistent tension between the United States and Iran is leading to the development of a Moscow-Tehran axis, the implications of which are causing unease to several countries of the region in question,
- (xiii) Concerned also by the support of certain countries for the Taliban forces in Afghanistan whose advance could threaten the stability of several of its central Asian neighbours,

(xiv) Earnestly hoping that the policy being conducted by Kazakhstan to find its place, while maintaining its independence vis-à-vis its powerful neighbours, will be successful,

(xv) Desirous that the Energy Charter Treaty drawn up by the European Union should be the touch-paper for a more coherent overall European policy towards the countries of the region and that the EU should make efforts to iron out certain differences between Europe and the United States as to the policy to be pursued in the region,

(xvi) Convinced that WEU, several member countries of which are involved in the exploitation of the natural resources of the Caspian Sea region, has a responsibility to contribute, within the framework of its area of responsibility, to crisis prevention and to the pacification of all crisis flashpoints of the region,

RECOMMENDS THAT THE COUNCIL

1. Study to what extent WEU might contribute, at the request of the OSCE, to maintaining peace in crisis flashpoints such as Nagorno-Karabakh, particularly once the parties have agreed to accept the first stage of the peace plan drawn up by the Minsk Group,
2. Study the possibility for WEU member countries to help certain countries of the region upgrade their military equipment and train their armed forces for the purpose of strengthening their defence and independence and in the interest of maintaining peace;
3. Launch an initiative vis-à-vis the UN Security Council in support of Uzbekistan's proposal to convene, under UN auspices, a peace conference on Afghanistan and establish "a contact group" to include all parties to the conflict and the United States and Russia;
4. Support in addition the plan to convene an international peace conference, under United Nations auspices and with OSCE involvement, to discuss the conflict in Abkhazia;
5. Take initiatives within the CFSP framework to enter into dialogue with the United States to iron out any differences of views that exist on some aspects of policy towards central Asia and the Caucasus;
6. Support, with the European Union, every effort to enable central Asia and the Caucasus to become a flourishing, stable and peaceful region, *inter alia* by promoting regional cooperation,
7. Enter into regular political dialogue with the eight new independent states of the region for that purpose.

Explanatory Memorandum

(submitted by Mr Baumel, Chairman and Rapporteur
and Mr Akçali, co-Rapporteur)

I. Introduction

1. Europe's interest in the developments in central Asia and the Caucasus is of recent date, having emerged since the birth of eight new independent states situated between the Black Sea and the Chinese border¹. All of them used to be part of the former Soviet Union and are now members of the Commonwealth of Independent States (CIS). Until the break up of the Soviet Union most of them had never genuinely known independence

2. Because of its geostrategic position, vast natural resources, ethnic diversity and variety of cultural and religious traditions, the entire Caucasus and central Asian region is of considerable interest to the major powers bordering upon it and especially to Russia, to which most of the newly independent countries belonged before the 1917 revolution. Many regional conflicts have broken out in these areas and equitable solutions to some of them have not yet been found. The power struggles during the 19th century between Russia and Great Britain are now a thing of the past and the number of other powers taking an interest in this part of the world has considerably increased since the dissolution of the Soviet Union.

3. Without listing them comprehensively, mention might be made of the United States, Turkey, Iran, China, Pakistan and several European Union member countries, including France, Germany and the United Kingdom, while international organisations such as the OSCE, NATO the United Nations, the Council of Europe and the European Union have begun to devote part of their political activity to the countries of central Asia and the Caucasus. Western European Union, which has responsibility for security and defence matters, has so far merely kept a watchful if increasingly interested eye on the situation, but without taking any practical action.

4. The WEU Council has thus made several statements on the Nagorno-Karabakh dispute in support of the attempts made by the OSCE to arrive at a peaceful settlement of the conflict. In its document *European Security: a joint contribution by the 27 WEU countries*², adopted in November 1995, the WEU Council devoted a special chapter to Europe's world economic interests, which noted, *inter alia*, that:

“Most European countries are largely dependent for their supplies of energy and raw materials on countries whose political and economic stability over the medium term cannot be taken for granted. Gas and oil are conveyed, at least in part, through pipelines crossing countries of uncertain stability. In the event of a major crisis, the disruption of those supplies is a distinct probability and maritime transport routes could be vulnerable. The flow of gas and oil to European markets through reliable pipeline and maritime routes hold great political and strategic significance.”

As far as the Caucasus and the countries of central Asia are concerned, the Council stressed that it was in Europe's interest to encourage fruitful cooperation with the countries of the region and to ensure that any conflicts that divided it were settled by peaceful means, according to the principles defined by the United Nations Charter and by the OSCE. The Council furthermore confirmed its support for sovereignty and independence for all CIS member states

5. However WEU has not as yet studied how it might translate the above assessments into a concrete policy on central Asia and the Caucasus and the Political Committee therefore decided to devote an in-depth report to the subject

6. The Political Committee set up a Subcommittee to prepare its report. The Subcommittee visited three countries in the region – Azerbaijan, Kazakhstan and Uzbekistan – during the first half of October of this year. The discussions that took place between Subcommittee

¹ Kazakhstan, Uzbekistan, Tajikistan, Kirghizstan and Turkmenistan in central Asia, and Armenia, Azerbaijan and Georgia in the Caucasus

² Assembly Document 1493, 20 November 1995.

members and many parliamentary and government representatives of the countries concerned yielded a wealth of information, strengthening the conviction of those who took part in the visit that Europe, and WEU in particular, should henceforth devote a great deal more thought to the significance of this part of the world

II. Geographic and historical background to the region

1. Central Asia

7. In geographic terms, Asia can be divided into two regions: one, dominated by China, which includes Mongolia, Tibet and Gansu and Xinjiang provinces; the other, belonging to the Commonwealth of Independent States (CIS) – in other words the former USSR republics of Uzbekistan, Turkmenistan, Tajikistan, Kirghizstan and Kazakhstan. Between the two blocs lie Mongolia, Afghanistan and the eastern part of Iran known as Khorasan.

8. The territories of central Asia are peculiar in that they are landlocked and essentially either steppe lands, arid desert (Gobi, Takla Makan) or red (Kizil Kum), white (Ak Kum) or black (Kara Kum) sands. Many rivers dissect the region: the Yenisei to the north which flows down from the Altai Mountains, to the north-east the abundant hydrological system that feeds the Amur and Lake Baikal, to the south-east the upper waters of the Huang Ho (Yellow River); to the west the rivers rising in the Tian Shan and the Pamirs feeding the Aral Sea and Lake Balkhash, the Ili, the Chu, the Talas, the Syr Darya, the Zeravshan, the Jhelum, the Amu Darya (2 540 km), the Tarim (2 179 km) flows through Xinjiang.

9. Central Asia is a region essentially dominated by mountains: the Altai, the Tian Shan, the Pamirs and the Hindu Kush. These take the form of massifs, punctuated with plateaux (Mongolia, Dzungaria) or river valleys (Tarim). Travel is difficult via mountain passes at altitudes of over 4 000 metres or corridors caused by land subsidence (for example the fault line that links the Turfan depression to Urumqi).

10. Vegetation is generally very sparse (outside the river valleys). Precipitation varies between 100 mm per year in the Gobi desert and western Gansu, 200 mm in Upper Tibet, the Sistan and the Tarim basin as far as the western

Gansu, in the foothills of Turkmenistan, and 1 500 mm in Lhasa province on the summits of the Hindu Kush.

11. The eastern regions of *Kazakhstan* (total area 2 715 000 km²) include the steppes of Faim (Bek Pak Dala) and mountainous areas as far as the Lake Balkhash basin (340 m) turning into semi-desert towards the coast of the Aral Sea. The low-lying parts of the area (rarely higher than 100 m) are inhabited by nomadic peoples. Kazakhstan's borders total 12 012 km: 1 533 shared with China, 1051 with Kirghizstan, 6 846 with Russia, 379 with Turkmenistan and 2 203 with Uzbekistan. The country also borders on the Aral (1 015 km) and the Caspian (1 894 km) Seas. It has abundant natural resources: oil, coal, manganese, nickel, cobalt, copper, molybdenum, lead, zinc, bauxite, gold, uranium, iron and chromium. Kazakhstan is a country with severe environmental problems. Radioactive and toxic discharge has been detected the length and breadth of the country, usually on former military sites. Some towns have high levels of industrial pollution. In addition to all this is the problem that the Aral Sea is drying up as a result of its two main feeder rivers being diverted for irrigation purposes.

12. *Uzbekistan* (449 000 km²) is formed of a succession of deserts and fertile valleys traversed by several mountain ranges. To the west, the country is drained by the Amu Darya which once flowed into the Aral Sea. The region is now in the process of becoming desertified following the intensive demand on its water resources. The fertile Zeravshan valley lies to the centre and east and is the site of major settlement. At its eastern end lie the fertile, well-drained foothills of the Termez and Tashkent ranges. The Ferghana valley, a rift valley 300 km long and 100 km wide, supports many flourishing vineyards, orchards and gardens. Uzbekistan's borders with its neighbours total 6 221 km in length: 137 shared with Afghanistan, 2 203 with Kazakhstan, 1 099 with Kirghizstan, 1 161 with Tajikistan and 1 621 with Turkmenistan. The country also has significant deposits of the following natural resources: natural gas, oil, gold, uranium, silver, copper, lead, zinc, tungsten and molybdenum. In environmental terms, rising pesticide and natural salt concentrations have led to the drying up and desertification of the Aral Sea. Water pollution due to industrial effluent and heavy use of

fertilisers and pesticides are at the root of a number of health problems and soil salination and contamination by agrochemicals (including DDT).

13 *Turkmenistan* (448 000 km²) is almost exclusively desert or semi-desert (Kara Kum). The only fertile regions are the Kopek Dag foothills and the oases that are the sources of rivers (Tedzhen, Murghab and Amu Darya). The principal consequence of modern irrigation methods has been the drying up of the Aral Sea.

14. *Tajikistan* (143 000 km²) and *Kirghizstan* (128 000 km²) are pastoral regions with virtually no agriculture other than on the mountain slopes and in the few existing valleys. Tajikistan has little cultivable land above 2 000 metres. Kirghizstan consists of a series of mountain ranges (4 000-7 000 m) dissected by valleys and of the closed basin of the Issyk Kul.

15 *Afghanistan* (650 000 km²) consists of a succession of high parallel chains (5 000-7 000 m) rising to the east of the Pamirs and Karakorum, separated by the high peneplains of the Wakhan (4 000 m). The terrain falls away to the west, with valleys at a lower altitude (2 500 m) and summits at heights below 4 000 m. To the east the descent from the high Kabulistan plateau (1 800 m) overlooking India is through the 50 km or so of the Khyber Pass, which, at its highest point, reaches an altitude of 1 280 m. To the north the low plains of Afghan Turkestan (500-800 m on average) stretch to the Amu Darya linking it with western Russian Turkestan. The region enjoys mild winters and hot summers and consists mainly of steppes covered with scrub. The south-west of the country is drained by the Sistan, whose low-lying arid and stifling basin lies at an altitude of 500 m or less.

16. With the exception of Tajikistan, the changeover to independence was relatively peaceful for the central Asian countries which had been part of the former Soviet Union, owing to the vast distances separating them from the centres of Soviet power. These countries have always enjoyed more freedom in managing their own internal affairs. Russian expansion into the area began in the mid-18th century, at a time when anarchy was rife, with the Russian vanguard providing protection for the Kazakh Khans; however the Russian empire had very little interest in the region. By the end of the

19th century it had effectively conquered the entire area, to ward off possible expansion of the British empire from India and to ensure border stability in the south of the empire. Russia and the central Asian region established considerable economic links but Russia did not interfere very much with local institutions.

17. The region underwent major social change under Soviet domination. Significant progress was made in the fields of public health, education and infrastructure. However, such economic changes were paid for dearly, as was the case in the countries of the Caucasus. For example, collectivisation led to the death of almost two million Kazakhs, in other words nearly 40% of the Kazakh population, between 1930 and 1939.

18 Even more important than promoting economic development, the Soviet regime gave priority to the need to create national identities in the region. At the turn of the last century, the peoples of central Asia identified themselves either as members of local groups or tribes or as members of a particular Muslim community. No group had a sense of national identity: Uzbek, Kazakh or Kirghiz. Fearing the emergence of a strong pan-Turki or Muslim identity which could be used to mobilise the peoples of central Asia against Moscow, the Soviets conducted a policy of divide and rule through the creation of national identities in central Asia. In 1924, Moscow divided central Asia into five republics which, for the first time in the region's history, were ethnically defined. Dialects were chosen and elevated to national languages, each using a different Cyrillic script. A national history was invented for each republic and the new national identity attributed its own historical figure (for example, Tamburlaine in Uzbekistan). These national identities were also strengthened by the creation of specialist national economies.

2. *The Caucasus*

19. The countries of the Caucasus (Armenia, Azerbaijan, Georgia) are locked in by three regional powers, Iran, Russia and Turkey and by two seas, the Black Sea and the Caspian Sea. Because of its strategic location, the region has, throughout history, been a battlefield for the empires of the region (Achaemenid, Greek, Roman, Parthian, Byzantine, Arab, Mongol, Ottoman, Persian, Russian). Despite the fact that down the ages, the peoples of the Caucasus often

found themselves under the sway of powerful empires, these countries have a strong sense of national identity and a history that can be traced back through many centuries. The Georgians and Armenians take great pride in their conversion to Christianity and religious identity.

20. Russian settlement began in the mid-16th century when the region was divided up between the Persian and Ottoman empires. It took Russia three centuries to impose total control over the area. Russia annexed Georgia in 1801 and, after beating off the Ottomans and Persians, seized Azerbaijan in 1813 and took control of Armenia in 1828.

21. The Russian presence was initially welcomed on account of the protection it brought against the Persians and Ottomans. However the Russian occupation retained its repressive character until 1845, when measures were relaxed somewhat. This period saw the birth of successive emancipation movements.

22. During the Russian revolution, Armenia, Georgia and Azerbaijan rejected Bolshevism and agreed to create a republic of the Transcaucasus. The union lasted only five weeks and the three countries gained individual independence. Following brief periods of occupation by the Turks, Germans and British after the first world war, the Red Army took control of the Caucasus in 1921.

23. Armenia, Azerbaijan and Georgia were administered as a federation by the Soviets until 1936, when they became republics. There was controversy over the process of establishing their borders. The Nakhichevan and Nagorno-Karabakh regions were assigned to Azerbaijan although Nakhichevan is completely surrounded by Armenia and the population of Nagorno-Karabakh is preponderantly Armenian.

24. Nevertheless the creation of these states on the basis of ethnicity strengthened Armenia and Georgia's national identities. As the Azeris had always been close to the Tartars and the Turks, their national identity emerged. During the Soviet occupation, the Armenian, Georgian and Azeri national tongues were given special status and the peoples of those republics were among the best-educated in the USSR. Although it conferred advantages upon them, the USSR destroyed other aspects of community life. In particular it set its face against all the initiatives

taken in the 1920s by the countries of the Caucasus to introduce the Latin alphabet as the official script. As in other regions of the USSR, collectivisation met with armed opposition. The purges there were no less severe in spite of Stalin's Caucasian origins.

25. With the coming of Perestroika in 1986, the countries of the region saw their opportunity to exact further autonomy. Georgia quickly laid claim to sovereign status and Armenia to the Nagorno-Karabakh region. These demands brought an explosion of violence in their wake.

26. The Armenian campaign in Nagorno-Karabakh to unite the enclave with Armenia led to confrontation in 1988, followed by anti-Armenian demonstrations in Azerbaijan. In April 1989, in Tbilisi, Georgian nationalists responded to Abkhazi agitators demanding greater autonomy by staging a demonstration. This initially anti-Abkhazi demonstration soon took on the flavour of an independence rally and was quashed by the Soviet army. The Soviets were also responsible for the violent break-up of a demonstration in Baku in January 1990. These incidents strengthened the country's determination to speed up the independence process. The hand of Moscow was automatically assumed to be at work in any separatist movement in those countries. In all of them nationalist forces assumed power after the failed Moscow coup in 1991. The existing power structures established by the Russians collapsed, leading to instability and internal power struggles.

III. Destabilisation factors and risks in the region

27. Apart from the civil war in Afghanistan, ethnic and religious conflict has either broken out, or is threatening to do so, both in the new republics of central Asia and the Caucasus and even on Russian Federation, Chinese and Iranian soil. Moreover, Turkey, Iraq, Iran and Syria are all affected by the Kurdish problem.

1. Tajikistan and Afghanistan

28. Tajikistan declared independence on 9 September 1991, in 1992 a chaotic and extremely bloody civil war broke out in the country, still torn by rivalries between opposing clans. Despite the presence of some 25 000 Russian

soldiers, who had entered the country by way of Uzbekistan, the death toll rose to approximately 100 000³ while some 600 000 refugees fled the country. In late 1992, the victorious popular front militia had set up a pro-Russian regime in Dushanbe, under Mr Rakhmanov, the country's current President. Like many other opponents of the regime, Mr Nuri, the leader of the Islamist forces had to flee to north Afghanistan, from whence he organised political and military resistance to the Dushanbe regime

29. On 27 June 1997, after approximately five years of civil strife, a peace treaty was signed between President Rakhmanov and the head of the united opposition, Mr Nuri. Russia, concerned by the recent gains made in Afghanistan by the Taliban movement, regarded as an Islamist threat to neighbouring countries, was all the more anxious to achieve a settlement of the conflict. In the opinions of some commentators, Moscow is mainly seeking all-round acceptance by all the country's political forces, and hence consolidation, of a lasting Russian military presence in Tajikistan as a factor for stability⁴. It should be recalled that the Russian troops are there in the guise of a joint CIS peace force and that their mandate does not cover intervention in internal conflict within Tajikistan⁵. The reality, however, is that they served to protect the installation of the neo-communist regime of President Rakhmanov

30. But a settlement was also in Iran's interests, as its people are closely related to the Tajiks. Several Tajik opposition members took refuge in Tehran. However, since 9 August 1997, new military skirmishes have broken out near Dushanbe and the ceasefire is still not entirely secure

31. The problem of finding a peaceful and lasting solution to the conflict in Tajikistan is of particular interest to Uzbekistan and the matter was discussed in some detail during the Subcommittee's visit to Tashkent. Uzbekistan is concerned, *inter alia*, about being marginalised as a result of the development of a Moscow-

Tehran axis, which in its view is already producing effects in Tajikistan and Afghanistan.

32. Thus the Uzbek Deputy Foreign Minister, in his talks with the Subcommittee on 9 October last, stressed the very close "cohabitation" between Uzbekistan and Tajikistan. According to him, some 600 000 Tajiks live in Uzbekistan and a large number of Uzbeks have made their home in Tajikistan. In some border districts, villages have mixed populations. Uzbekistan, which expressed a wish to be involved in a peaceful settlement of the conflict in Tajikistan (and in Afghanistan), especially as regards the rights of refugees to return to their home country, did not take kindly to the fact that such settlement was achieved without its involvement.

33. He takes the view that any peaceful solution should involve all the parties to the conflict and that Uzbekistan could take a leading role in bringing stability to the region. According to the thesis of a specialist in the French Foreign Ministry⁶, the peace agreement in Tajikistan between the (supposedly pro-Iranian) Gharmis and (pro-Russian) Kulakis, which excludes the Lenibadis tribe (close to Tashkent), has lent credence in Tashkent to the idea that Moscow and Tehran are seeking to engineer the formation of a Greater Tajikistan

34. As far as recent developments in the seven-year old civil war in Afghanistan are concerned, Uzbekistan is not the only country on its borders to fear the consequences for developments in Tajikistan and its own security of a Taliban victory. However, of particularly serious concern is the fact that none of the belligerents seem prepared to sit down at the negotiating table. The Tajik commander, Shah Massoud, appears to be the only warlord of any importance to continue to offer any resistance to the Taliban offensive, despite the recent return of the ethnic Uzbek leader, General Abdul Rashid Dostom, former warlord of northern Afghanistan. There is no disagreement in principle between Russia and Uzbekistan over the danger represented by the Taliban forces' progress towards Tajikistan's borders. However Uzbeks do not approve of

³ Estimates published in the *Neue Zürcher Zeitung*, 27 June 1997

⁴ *Neue Zürcher Zeitung*, 27 June 1997.

⁵ *Le Monde*, 13 August 1997

⁶ Olivier Roy *Uzbekistan's foreign policy put to the test: between Moscow and the Taliban* in the *Bulletin du Centre d'analyse et de prévision*, No 69, Spring-Summer, 1997.

Massoud's forces being stationed in Tajikistan with Russian agreement, as they feel this could lead to ethnic conflict within Tajikistan with a ricochet effect that might draw in Tashkent.

35. During talks held with members of the Political Committee Subcommittee, Mr Ismailov, Uzbekistan's State Secretary for Foreign Affairs, reiterated the country's official position with regard to settlement of the Afghan conflict. This was as follows:

first, maintenance of Afghanistan's territorial integrity;

second, rejection of military means as a way of settling the conflict;

third, cessation of all interference in the country's domestic affairs,

fourth, a strict embargo should be imposed on arms supplies to the area of conflict;

fifth, participation of all the main forces involved in the conflict in a step-by-step peace process, with a view to forming a coalition government on the basis of wide representation;

sixth, the establishment under UN auspices of a process of peaceful discussion in which the Islamic Conference would also participate;

the formation for this purpose of a contact group made up of representatives of countries with a common border with Afghanistan, the United States, Russia and representatives of opposing forces within Afghanistan.

According to the Minister, the United States and Pakistan should cease supporting the Taliban and the Russians should withdraw their support for General Massoud. However it is not easy at present to see what incentives might bring the belligerents and external powers involved in the conflict to the negotiating table

2. The Chinese province of Xinjiang

36 The Chinese province of Xinjiang has a major problem with its non-Chinese minorities (Kazakhs, Uygurs and Kirghiz). The autonomous region of Xinjiang Uygur, formerly known as Chinese Turkestan, with an area of 530 000 km², is the sixth largest of the People's

Republic of China, but with a population of only 15 million or so, 60% of whom are Muslim. It is situated in the immediate vicinity of Kazakhstan

37. In the early 1980s, China's policies towards Xinjiang Uygur were moderate; it released its grip on the Muslim majority, mosques were reopened and Muslim worship was tolerated despite the overtly anti-religious stance of the local government. However, disturbances recurred in the late 1980s with a series of incidents leading to a number of deaths. The Chinese authorities were swift to act to repress this form of "local nationalism".

38. According to press reports⁷, Beijing appears to have leaned even more heavily on the Uygur separatists in Xinjiang province belonging to the Turkish-speaking and Muslim community there. The same sources refer to the presence of several pro-Uygur independence organisations in Alma-Ata in Kazakhstan, including the United National Revolutionary Front (UNRF) which advocated armed struggle against China for Uygur independence. However during the course of the Subcommittee's visit to Alma-Ata in October 1997, none of its Kazakh contacts mentioned the existence of any serious difficulties between China and Kazakhstan arising out of Muslim separatist tendencies in Xinjiang province. On the contrary, they highlighted progress in stable relations between Kazakhstan and China and their desire for increased economic cooperation between the two countries.

3. The conflicts in the Caucasus and Nagorno-Karabakh

39. Nagorno-Karabakh, principally inhabited by Armenians, became part of Azerbaijan in the 1920s as a result of a decision taken by Stalin. The conflict between Azerbaijan and Armenia over Nagorno-Karabakh began in February 1988 when the Armenian community of Nagorno-Karabakh demonstrated in favour of being absorbed into Armenia. Azeri refugees in Sumgait then unleashed a pogrom against the Armenians. The conflict worsened following the break-up of the Soviet Union. Outright hostilities began on 8 May 1992 with a lightning attack by Armenians against Nagorno-Karabakh, which they pro-

⁷ *Le Monde*, 28 August 1997

ceeded to occupy along with other Azerbaijan territories.

40. The ceasefire in the disputed region has held since May 1994. The Nagorno-Karabakh and six other administrative districts of Azerbaijan (in other words 20% of its territory) are effectively under the control of Karabakh troops. The Lachin corridor links the two republics with Armenia. Armenia denies the presence of its armed forces on Azeri soil. Despite one or two skirmishes along the front-line between Azeri and Armenian troops, the military situation in general can be described as static. At its Budapest summit in December 1994 the OSCE decided to launch a peacekeeping operation in Nagorno-Karabakh, but difficulty was encountered on reaching a political agreement between the parties on a cessation of hostilities. Negotiations resumed in 1995 under the aegis of the OSCE's Minsk Group, but without yielding the hoped-for result. The stumbling-blocks related to refugees, the status of the territory, restitution of occupied areas, the blockade by Armenia and that of the enclave, and security guarantees for Nagorno-Karabakh.

41. As Nagorno-Karabakh did not want the parties that effectively guaranteed its security to withdraw, it made clear that it would only agree to withdrawal of its troops from occupied territory in return for definition of its status. This idea of a trade-off between status and exchange of territory was rejected by Azerbaijan. However in late 1995 Azerbaijan took a softer line, when President Aliyev referred to the possibility of raising Nagorno-Karabakh's status as needing to be accompanied by recognition of Azerbaijan's sovereignty over the territory. The country's new constitution gives the Nachichevan region the status of a state within Azerbaijan and a similar form of words might possibly be found for Nagorno-Karabakh.

42. The problem of settling the conflict in Nagorno-Karabakh obviously loomed large in the talks between the various Azeri authorities and the Subcommittee during the latter's visit to Baku on 14 and 15 October 1997. The visit occurred at a particularly interesting juncture as the Subcommittee was able to meet Mr Aliyev on the same day as the French Head of State, Mr Chirac, was having talks with Mr Ter-Petrossian, President of Armenia, in Paris.

43. The President of Azerbaijan appeared fairly optimistic that a solution could be found with the help of the OSCE's Minsk Group, on the basis of the principles drawn up during the OSCE Summit held in Lisbon on 2-3 December 1996. It should be remembered, however, that those attending that summit were not able to reach agreement on the text of the paragraph in the Lisbon Declaration relating to settlement of the Nagorno-Karabakh conflict. This was the reason for the Chairmanship-in-Office of the OSCE publishing the principles for such settlement at Lisbon, where they were accepted by all the participants with the exception of Armenia.

44. The text states

"Three principles which should form part of the settlement of the Nagorno-Karabakh conflict were recommended by the co-Chairmen of the Minsk Group. These principles are supported by all member states of the Minsk Group. They are.

- territorial integrity of the Republic of Armenia and the Azerbaijan Republic,
- legal status of Nagorno-Karabakh defined in an agreement based on self-determination which confers on Nagorno-Karabakh the highest degree of self-rule within Azerbaijan;
- guaranteed security for Nagorno-Karabakh and its whole population, including mutual obligations to ensure compliance by all the parties with the provisions of the settlement

I regret that one participating state could not accept this. These principles have the support of all other participating states."

45. The Armenian Delegation rejoined by issuing the following Declaration

"1. The statement does not reflect either the spirit or the letter of the Minsk Group's mandate as established by the Budapest Summit 1994, which proposed negotiations with a view to reaching a political agreement. The problem of status has been a subject of discussion in direct

negotiations which have yet to be concluded

2 The statement predetermines the status of Nagorno-Karabakh, contradicting the decision of the OSCE Ministerial Council of 1992, which referred this issue to the competence of the OSCE Minsk Conference, to be convened after the conclusion of a political agreement

3. The Armenian side is convinced that a solution of the problem can be found on the basis of international law and the principles laid down in the Helsinki Final Act, above all on the basis of the principle of self-determination.

4. In the interests of reaching a compromise solution, the Armenian side is prepared to continue with the most intensive negotiations, both within the Minsk Group and on the basis of direct contacts coordinated by the co-Chairmen of that Group."

46. In his address to the Council of Europe Summit held in Strasbourg on 11 October 1997, the President of Azerbaijan confirmed, *inter alia*, the following

"We support the recent proposal put forward by the co-Chairmen of the Minsk Group of the OSCE – Russia, the United States and France – for a settlement of the conflict in two phases: the first phase to consist of the withdrawal of Armenian armed units from the six occupied administrative regions of Azerbaijan, guaranteed return of refugees to their home areas and re-instatement of all communications severed on account of the war, the second of settlement of the question of the status of Nagorno-Karabakh, together with the liberation of the administrative regions of Lachin and Shusha"

47 In an interview with *Le Monde*⁸, the Armenian President, Mr Ter-Petrosian, made clear that the first stage of the Minsk Group proposal also included deployment of an OSCE buffer

force and, in a statement which contradicted the Azeri President's statement in Strasbourg, asserted that Azerbaijan as well as Armenia had rejected the contents of the second phase proposed by the Minsk Group

48. He confirmed, however, that the first part of the plan had been accepted by both countries and that the mediators had deferred discussion of the status of Nagorno-Karabakh until a later date, after the first phase had been implemented

49. According to the Armenian President, Azerbaijan and Armenia had reached agreement on accepting the first-phase principles as a basis of negotiation, but Nagorno-Karabakh had not yet made any reply. He said that he had arrived at the conclusion that any demand for full independence or for the absorption of Nagorno-Karabakh into Armenia was not feasible and that the only solution was to find a compromise by reconciling the principle of territorial integration supported by Azerbaijan with the Armenian people's right to self-determination⁹

50. The attitude adopted by the Armenian President at the Strasbourg summit received a warm reception from the Subcommittee's Azeri contacts, during the Subcommittee's visit to Baku. Although the Minister responsible for national security did not specifically enlarge upon the second phase of the future status of Nagorno-Karabakh, President Aliyev's special adviser made clear that Azerbaijan was prepared to grant Nagorno-Karabakh full rights of autonomy other than in regard to responsibility for foreign policy and defence and the right to introduce its own currency. A further concern on the part of Azerbaijan in connection with Nagorno-Karabakh related to Russia's very close relationship with Armenia, particularly as regards military matters. At the Turkish Atlantic Council's Eighth International Conference on Security and Cooperation, held in Antalya on 25-28 September 1997, the first Vice-President of the Azerbaijan Parliament supplied the following information:

"After signing in 1994 the Agreement on Ceasefire, the military potential of Armenia began to increase intensively. Russia, which is co-Chairman of the OSCE

⁸ *Le Monde*, 16 October 1997

⁹ *Ibid*

Minsk Group on peaceful settlement of the conflict through the Ministry of Defence of the Russian Federation illegally supplied to Armenia a lot of armoured technics, ammunition including missile sets R-17 and "Igla", anti-aircraft systems "Krug" and "Osa", tanks T-72 and BMP-2, howitzers D-39, D-20 and D-1, reactive installations "GRAD", many mortars, weapons, machine-guns and other types. Armenia has long-distance (300 km) missile sets and well-known Scud sets with the capacity to carry means for nuclear attacks. These missiles can fully destroy any populated area of Azerbaijan and other parts of the region. The total amount of this military assistance is approximately US\$ 1 billion. Obviously this enlargement of military potential of Armenia is not of defence character. It shows the aggressive policy of Armenia which is threatening for contiguous states and for Turkey as well. A serious danger for peace and stability in the region represents Treaty on Friendship, Cooperation and Mutual Assistance between the Russian Federation and Armenia signed on 29 August 1997 in Moscow. This Treaty provides for:

- establishment of Armenian-Russian joint military production and joint financing for military programmes; increase of military actions in the region of conflict and imbalance of forces in favour of Armenia,
- mutual usage of military objects and equipment and also joint usage of defence objects which means a direct threat to our security."

51 During the course of the Subcommittee's talks with Azerbaijan's Foreign Minister, Mr Hassanov, in Baku on 14 October 1997, the Minister referred in very general terms to Azerbaijan's concern over the development of military cooperation between Russia and Armenia, and its objectives, the more so in view of the surrounding context of closer ties between Russia and Iran. However, he noted that the purpose of Mr Primakov's recent visit to Baku had been to reassure the Azeri government that Russia's alliance with Armenia was not directed against Azerbaijan

52. In March 1997, Azerbaijan's Foreign Minister had been informed that the Russian Defence Minister had confirmed delivery to Armenia, without government authorisation, of certain pieces of military equipment and that an enquiry had been opened. On 2 April 1997, the Chairman of the Defence Committee of the Duma, Mr Rokhlin, had admitted that illegal shipments of Russian military equipment had been sent to Armenia between 1993 and 1996 and had requested that an official enquiry be carried out by the public prosecutor's office

53. As far as settlement of the Nagorno-Karabakh dispute was concerned, a particular problem that would arise when it came to making a decision about the composition of the buffer force to be deployed in the region under OSCE auspices was that it was likely that Azerbaijan would totally reject the presence of Russian troops on its territory. A second difficulty would be deciding whether the peacekeeping force should be made up entirely of CIS member states. During talks between the Subcommittee and members of the Azerbaijan parliament, it was evident that the Azeris do not regard the CIS as neutral with regard to Nagorno-Karabakh. The difficulty for the West, and in particular WEU and the NATO countries, will lie in deciding whether and to what extent they are prepared to contribute actively to such a peacekeeping force

54. To round off the list of factors liable to have a destabilising effect on the region around Azerbaijan, it is worth remembering that the Azeri people number some 27 million, only 7 million of whom live in Azerbaijan itself. Some 20 million or so are residents of the Tabriz region of Iran. Both countries fear that the Azeri communities might seek reunification in a single state. There are even calls in Iran for Azerbaijan, formerly a part of Iran, to be returned to the latter¹⁰

55. Lastly, it should not be forgotten that north of Azerbaijan, more precisely the Russian province of Dagestan, is home to the Lezghians who are akin to the Azeri people. According to information supplied by the Azeri Minister for National Security, Azerbaijan seems to have been the target since the early 1990s of a number

¹⁰ *Le Figaro*, 17 June 1997

of terrorist attacks orchestrated from this neighbouring district, possibly in collusion with Moscow.

4. *Abkhazia and Southern Ossetia (Georgia)*

56 Efforts to settle the conflicts in Abkhazia and Southern Ossetia have focused on the status of these regions of Georgia. President Shevardnadze, while insisting that any constitutional regime to be set up in Georgia should take account of the country's territorial integrity, agreed that they should have a substantial degree of autonomy. Abkhazia would therefore have its own constitution, with Abkhaz as the official language (alongside Georgian), its own emblems of statehood and its own government, legal and judicial systems. Southern Ossetia would have its own charter. However the new Constitution adopted by the Georgian Parliament on 24 August 1995 makes no reference to the relationship with these territories.

57 Abkhazia achieved *de facto* independent statehood in September 1993, after separatist fighters repelled Georgian government troops sent there in 1992 following the declaration of independence. Abkhazia chose not to demand full independence officially, but to seek a confederate system based on recognition of its sovereignty and the establishment of a flexible (symbolic) union between the two countries as equal partners.

58. Representatives of the Georgian Government and the rebel region conducted negotiations throughout 1995 under Russian auspices. Russia, accused of supporting the separatists at the start of the conflict, drew closer to Mr Shevardnadze, who wanted to rejoin the CIS, and agreed to deployment of Russian armed forces in Georgia. However Georgia stated officially that it would not ratify the 1994 treaty of friendship, good-neighbourly relations and cooperation with Russia or the military arrangements in connection with that treaty until its jurisdiction was established throughout the country. Mr Shevardnadze made clear that the future of Russia's military bases in Georgia would be reviewed if Russia did not contribute to restoring the country's unity.

59 Russia wanted to develop relations with Georgia as though the Abkhazi issue did not exist. The parties agreed to re-establish the rail connection along the Black Sea (through

Abkhazia) with Russia guaranteeing its security. They also came to an agreement about retaining a military base in the Abkhazi town of Gudauta. Abkhazi protests on grounds that Abkhazia had not been consulted were ignored.

60. Moreover, the Russian side had distanced itself from the Abkhazi leadership, criticising it for intransigence during the negotiations, and threatened to step up military aid to Georgia in the event of their failure. President Yeltsin argued in favour of progressive re-establishment of Russia's territorial integrity.

61. The political discussions were accompanied by practical action of some significance. Georgia threw a cordon around southern and eastern Abkhazia, while Russia blockaded it to the north. Only Sukhumi, the capital, remained in contact with the outside world and maintained a trade route with Turkey for essential goods, but this was blockaded by Russian warships on 23 October 1995. The blockade was lifted a week later after the Abkhazi delegation refused to continue the peace negotiations and accused Russia of having abandoned its role as mediator and of openly supporting one of the parties to the conflict. However, in order to tighten the blockade, Russian border-guards received orders not to allow Abkhazi passport-holders to travel to Turkey, the only country that recognised Abkhazi citizenship.

62 Russia also threatened to withdraw the 3 000 troops it had sent in 1994 to maintain peace along the border between Abkhazia and Georgia and prevent a resumption of hostilities. Georgia issued several warnings that it would not tolerate any extension of the peacekeeping force's mandate and that it might use military means to resolve the problem.

63 The Abkhazi side for its part accused the Russian peacekeepers of using troops from the Russian Army's Transcaucasian unit, 80% of whose members were of Georgian nationality. They maintained that an agreement had been concluded on a joint Russian-Georgian military operation directed against Abkhazia and that an invasion was planned for the end of September. Furthermore, according to unconfirmed reports, the Russians had drafted in twelve combat helicopters and spare parts for SU-27 fighter aircraft. In January 1996 the Abkhazi security service claimed that the Russian Defence Minis-

ter had agreed to deliver five marine landing craft to Georgia to carry out an assault on the Abkhazi stretch of the Black Sea coast.

64 In late 1995, pressure was mounting on Abkhazia to reach a political settlement. A confidential draft protocol drawn up to resolve the conflict had been leaked in November following negotiations in Moscow between the two parties, with Russia as mediator. The protocol offered Abkhazia its own constitution, legislative power, government, army and budget. Abkhazis and Georgians would share government and legislative power, with Parliament having reserved seats for Abkhazi members, who would have a right of veto. The draft protocol also provided for a joint defence policy and coordination between both armies, and for a single currency. Abkhazi legislators rejected the document.

65 There is also internal opposition in Georgia to any deal with Abkhazia. The two most contentious issues concern, first, the Abkhazi army and the extent to which Georgia could accept the existence of an independent armed force that might provide a means of future secession, and second, the fate of refugees. Abkhazia opposed the repatriation of more than 200 000 Georgian refugees fleeing from the fall of Sukhumi in 1993. After two years' work and at substantial cost, the High Commissioner for Refugees has managed to organise the return of only 300. The problem is a serious one as far as Georgia is concerned since repatriation could begin in the absence of any official agreement. Georgia was of the view that the peacekeeping mission should not simply consist of keeping the two sides apart but should include help for refugees to return to Abkhazia. The Abkhazi side maintains that it cannot exercise effective control over the Gala district, the majority of whose population prior to hostilities was Georgian and to which refugees are returning without official agreement.

66 In January 1996, at the CIS Summit in Moscow, Georgia asked for extensive collective sanctions to be applied over and above the *de facto* economic embargo already imposed on Abkhazia. Despite Russia's support, this request had only lukewarm backing from CIS heads of state, five of whom did not wish to commit themselves. The mandate on peacekeeping operations

had been extended until 19 April 1996 but did not cover police duties or assistance to refugees to return home. Economic sanctions could scarcely go much further than the existing embargo.

67 Developments in Southern Ossetia have been less spectacular. Russia's position on the principle of territorial integrity (strengthened by events in Chechnya) coupled with the strategic requirement to consolidate an alliance with Georgia have left Southern Ossetia with little hope of being reunited with Northern Ossetia which is situated on Russian Federation territory. Georgia had adopted a policy of cooperation over resolving the refugee problem, disarming illegal militia and reabsorbing economic difficulties.

68 Fortunately, few violent incidents have occurred since patrols were drafted into the region as part of a peacekeeping operation involving Georgians, Ossetians, and Russians. Both Georgia and Southern Ossetia consider the position is sufficiently stable and have suggested reinforcing the Russian presence so that their own forces can withdraw.

5. Chechnya

69 As a result of the peace agreement signed on 12 May 1997 by President Yeltsin and the Chechen President, following three years of bloody and desperate warfare, it has been possible to make a start on restoring normality in the region. As far as its economic development in particular is concerned, this process has major consequences of a scale that surpass the regional problems persisting in that part of Russia. After months of negotiations Chechnya and Russia reached agreement in Moscow on 9 September 1997 on the shipment by the end of the year of an initial 200 000 tonnes of oil from Azerbaijan via the pipeline running from Baku to Novorossiysk through Chechnya¹¹. The agreement will have a major impact on the policies of all those countries with an interest in the extraction, import and export of the vast oil and natural gas resources under the Caspian Sea and the surrounding areas.

¹¹ *Le Monde*, 11 September 1997

IV. The new "Great Game" to exploit and control the natural resources of the Caucasus and central Asia

70. Knowledge of the existence of petroleum deposits in the central Asian region and the Caucasus goes right back to the 13th century. In our own century, they have repeatedly been hotly contested both by regional and world powers. Technological developments in the 19th century made it possible to exploit oil reserves more intensively and this has led to an increasingly intense struggle for control over the region. Turkmenistan and Kazakhstan's natural resources were not discovered and worked until the 1950s and competition therefore focused essentially on the Caucasus and the Caspian Sea area.

71. The oil from this region played a major strategic role during this century's two world wars. Protecting the oilfields of the Caucasus was an Allied priority. During the second world war, oil from the Caucasus was an essential target of Hitler's expansionist policies. Following the 1939 German-Soviet pact, Soviet oil from the Caucasus accounted for a third of Germany's imports. In 1942, Germany repeatedly conducted military campaigns to gain control over the region's natural resources.

72. Towards the end of the 19th century, cut-throat competition had already built up between the oil companies. Russia, fearing loss of control over its petroleum markets, sabotaged an agreement in 1895 between American Standard Oil, the Rothschilds and Nobels. Competition in the region was increasingly fuelled by ethnic conflict, administrative corruption and underdeveloped legal and trade practices.

73. Natural resources have become a major issue in the Caucasus and central Asia in recent years. Specialists reckon that the area might contain the world's third largest oil and natural gas reserves after the Gulf region and Siberia. Oil resources are estimated at 200 billion barrels. The most extensive fields have been located in Kazakhstan and Azerbaijan. Other lesser reserves and oil exploitation sites are to be found in Georgia, Uzbekistan, Turkmenistan and Armenia. It has been possible in the post-Soviet era for Western companies to establish themselves in the area, bringing new technologies with them. Geological surveys using sophisticated equipment have shown that reserves are probably

much larger than earlier surveys carried out under the Soviet regime (now some 40 years out of date) had suggested. The strategic importance of the region is increasing as more oil is discovered.

74. According to industrial analysts, Kazakhstan, with over 60 billion barrels, has the largest oil and gas deposits of the countries of the former Soviet Union. Azerbaijan has a much larger potential for production than Soviet geologists predicted. Turkmenistan, whose main resource is natural gas, ranks third among the oil-rich nations of the regions, with estimated reserves of 46 billion barrels. Uzbekistan has 230 oil and natural gas fields. Georgia also has energy resources, although not on the same scale as its neighbours. Armenia, Kirghizstan and Tajikistan's reserves are smaller. Despite their enormous oil potential, the countries of the Caucasus and central Asia, suffer from inadequate infrastructural development which restricts economic growth and leaves them very vulnerable internationally.

75. The fall of the Soviet empire and its concomitant loss of influence in the region has turned the latter into a grey area where regional powers are pitted against one another, each seeking to ensure that their interests prevail within the new successor republics to the former USSR. These countries are seeking a balance between the interests of the regional power brokers and their own national interests and are hoping that their natural resources will offer them the means of developing their economies, thus generating the stability that is needed within the region. One of the major problems of these landlocked states is oil transport, for which they are dependent on cooperation with their neighbours. This is leading to the formation at regional and international levels of a series of alliances and counter alliances, the aim of which is to allow the countries involved to gain access to or influence over some of the world's most important natural reserves.

76. Among the questions that exploitation of the natural resources of the region raises is that of the legal status of the Caspian Sea, of oil and gas pipeline routes for any development and in particular the sharing out of concessions among interested countries and companies.

1. The legal status of the Caspian Sea

77. The problem raised by the status of the Caspian Sea is whether it should be regarded as a sea or a lake. There are two views on the subject: (i) the Caspian Sea is a sea and hence divided into sectors in accordance with the 1982 United Nations Convention on the Law of the Sea, which is universally applicable and gives every coastal state exclusive rights to exploit the resources in its own sector. This legal position can be traced back to a decision by the Soviet Union's Energy Ministry in 1970 which has since become customary practice. Azerbaijan, Kazakhstan and (with some reservations) Turkmenistan support this argument. (ii) The Caspian Sea is an inland sea and the 1982 Convention on the Law of the Sea can under no circumstances apply. In this case the Caspian Sea cannot be divided into sectors but must be exploited as a single territory by the coastal states as a whole (condominium). This is also the position which emerges from the 1921 and 1940 Treaties concluded between Iran and the Soviet Union. Russia and Iran support this interpretation.

78. The present status of the Caspian Sea is governed by the Treaty of 25 March 1940 between Iran and the Soviet Union. The Treaty of 26 February 1921, whereby Russia annulled all treaties limiting the rights of the Persians, laid down the legal foundations for the Caspian Sea regime. The Persians thus obtained the right to have their own fleet and sail under their own flag. This instrument is the cornerstone of the present regime governing the Caspian Sea which is jointly exploited by coastal states on an equal footing.

79. Letters exchanged upon signature of the 1940 Treaty show that the Caspian Sea is regarded by Iran and Russia as "a Soviet and Iranian sea", providing a clear illustration of its status. The rules of the International Law of the Sea can be applied to the Caspian Sea only inasmuch as this continental reservoir has no direct outlet to the ocean or the open sea and to the extent that no agreement has been reached between coastal states on applying such rules to the Caspian.

80. Azerbaijan, Turkmenistan and Kazakhstan have tried to dissociate themselves from the present legal arrangements governing the Caspian Sea in order to obtain unilateral privileges re-

garding the exploitation of its natural resources. Azerbaijan has laid claim to a huge tract of the Caspian seabed and on 20 September 1994 signed a contract with an international consortium for the exploitation of petroleum deposits. In 1993, Turkmenistan passed a law on its national borders which made reference to internal waters, territorial seas and exclusive economic zones.

81. Russia rejects Azerbaijan's initiative on the grounds that it is based on the "illegal" principle of the existence of an Azeri sector of the Caspian Sea, determined unilaterally. On the other hand, it supports Iran's initiative for the creation of an international organisation with a remit to settle any problems relating to the exploitation of the Caspian Sea.

82. At a conference held in Moscow in October 1994, participants might have reached agreement on the text of a treaty had Azerbaijan not categorically rejected it. Azerbaijan's first priority is in fact to obtain a change in the status of the Caspian Sea (with regard to its partition) and then and only then is it willing to consider the possibility of cooperation. Following the conference, Kazakhstan also changed its stance, coming out in favour of partition into national sectors.

83. Russia considers that the creation of a regional organisation would facilitate the conclusion of such agreements and make it possible to resolve the wider problems connected with improving the legal regime. In its view only the present legal regime can guarantee exploitation of resources and permit involvement by foreign companies. Any contract or activity that failed to take account of this perspective would be regarded as null and void and would provide no guarantee for its authors or for participants against the possibility of difficulties.

84. Iran semi-officially has its own Caspian Sea zone and supports the Russian position while acknowledging the need for a change in the existing status. Iran is seeking to involve itself as much as possible in oil projects with other states and was sidelined from the Azerbaijan consortium under pressure from the United States. Iran has also concluded an agreement with Russia on exploitation and commercialisation of caviar from the Caspian Sea.

85. Turkmenistan generally supports Iran's and Russia's position. In July 1996, when President Niyazov visited Iran, he stated that the matter of the five coastal states establishing a new status was of prime importance. However Turkmenistan does not attend all the multilateral conferences. The underdeveloped state of its offshore development may explain the fact that its position tends to be less hardline than that of Azerbaijan or Kazakhstan.

86. Following a meeting in March 1996 with the Russian Deputy Prime Minister, Mr Bolshakov, President Niyazov came out in favour of coordinated action by the five coastal states and against any unilateral initiatives, whereas during his visit to Azerbaijan he announced that Turkmenistan had entered into discussions with Dutch, American and Russian companies about exploitation of its zone.

87. Kazakhstan is laying claim to its own zone. In early 1995, the Kazakh and Russian Foreign Ministers took entirely opposing views. Either the Caspian Sea is an international lake and must be divided equitably between all the coastal states or it is a sea where international legislation could be applied and where the territorial waters of each country should be delimited. Kazakhstan also considers that the Volga should be regarded as an international waterway, a position naturally rejected by the Russians.

88. Kazakhstan has had seismological studies done offshore with the help of Western companies in order to evaluate its reserves which would appear to be of the order of 10 billion tonnes of oil and 2000 billion cubic metres of gas. Russia initially condemned these activities as "illegal and unilateral" but, since April 1996, seems to have reached an agreement with Kazakhstan. A document has been signed by both sides and Russian companies have been invited to contribute to the development of oil reserves on Kazakhstan's continental shelf.

89. Azerbaijan is the country most strongly opposed to Russia's position and has unilaterally declared that its sovereignty extends over its Caspian Sea zone. The United States supported Azerbaijan in its declaration. American companies have stated that they will not take account of existing differences between the coastal states over the matter of status.

90. It is difficult to say whether the different points of view on the legal status of the Caspian Sea will eventually result in a peaceful arrangement that is satisfactory to all the interested parties, or whether they will lead to a position of conflict involving major powers.

91. During the Subcommittee's talks with contacts in Kazakhstan, the Deputy Foreign Minister voiced his conviction that there was in fact no generally recognised status and that under cover of legal arguments, the issue was in fact essentially a political one. He felt that in any event any partition should correspond to the sectors assigned to each of the coastal states.

92. In its discussions with the Azeri authorities on the same topic, President Aliyev's special adviser revealed that in the meantime Russia, Iran and Turkmenistan had in practice accepted that the resources of the Caspian Sea should be divided up by sector.

2. Policies for the exploitation of natural resources

93. In terms of policies on the exploitation of the relevant natural resources by the states on the shores of the Caspian Sea, it would appear that all of them share an interest in diversifying the involvement of countries and major companies prepared to invest in installing or upgrading the infrastructure necessary for oil and gas production.

94. Kazakhstan has begun exporting its oil to Europe without using the old Russian network. In late 1996, Tengizchevroil (a joint venture between Kazakhstan and the American company Chevron) exported oil to Europe by road, rail and ship. Existing pipelines today all run through Russia and Kazakhstan is thus dependent on Russia's goodwill. However, Kazakhstan signed an agreement with China on 28 September 1997 providing, *inter alia*, for joint construction of two oil pipelines, to be operational by the year 2002.

95. Under the Tengizchevroil joint venture, Kazakhstan's Tengiz oilfield began operations in April 1993. Chevron's investment in this contract is probably one of the largest made by an American company on the territory of the former Soviet Union. However Chevron decided to lower its investment rate in 1995 because of export difficulties resulting from Russia's non-compliance

with an agreement it had signed with Chevron and Kazakhstan, authorising Tengizchevroil to export between 65 000 and 130 000 barrels per day.

96. Mention should also be made of Kazakhstan's Karachaganak field containing oil and natural gas deposits and reckoned to be approximately two-thirds of the size of the Tengiz field. In June 1992, Kazakhstan concluded an agreement with British Gas and Agip to restore the field, which had deteriorated because of shortcomings in Russian technology. However attempts by British Gas and Agip to conclude a long-term agreement encountered obstacles and complications of a financial, political and technical nature.

97. On 10 February 1995, Kazakhstan was obliged to write the Russian natural gas company Gazprom into the agreement governing the Karachaganak field. According to industrial sources, Russia threatened to place an embargo on Karachaganak gas and oil exports and to limit sales of products from the field to 15% of their world market value unless Gazprom was included in the project. On 2 March 1995 Kazakhstan signed a Production Sharing Principles Agreement with British Gas, Agip and Gazprom.¹²

98. Kazakhstan's off-shore reserves are estimated at approximately 25 billion barrels (on a par with those of Nigeria) and possibly contain more oil than the Tengiz field. The agreement with Caspishelf Consortium (CC) for the exploration of an area of approximately 35 000 km² was ratified in December 1993. The project is also meant to include an environmental study. Each partner may acquire development rights over two segments inside the sector.¹³

99. Turkmenistan has the world's third largest natural gas deposits, in other words equal to all the Persian Gulf deposits taken together. Given that Turkmenistan is essentially desert and that its other main resource, cotton, has fallen prey to bad harvests, the country's economic survival will depend on successful exploitation of its natural gas reserves. Gas production plummeted

from 85 000 million m³ to 32 300 million over the period from independence to 1995. Production has risen since, thanks to the opening up of new markets. This falling-off of sales cost the country some 2 billion dollars per annum in lost exports. The "gas-taps" that are still open are supplying insolvent customers such as Russia, Ukraine, Georgia and Armenia. On 25 October 1997, an international consortium led by the American Unocal company signed a US\$ 2 billion contract to build a gas-line to bring gas from Turkmenistan to Pakistan via Afghanistan. The part of the line passing through Afghanistan will be 750 km long and Turkmenistan's President Niyazov confirmed that he had the promise of support for the project from the Taliban, who control most of the country, and also from the anti-Taliban factions.

100. However it was in Azerbaijan that the "contract of the century" was concluded in 1994. In 1991, a number of foreign companies, including Amoco, BP, McDermott, Pennzoil, Ramco, Unocal, TPAO and Statoil opened negotiations with Azerbaijan to develop the Azeri, Chirag and Gunashli fields in the Azeri sector of the Caspian Sea. The negotiations were protracted and difficult and agreement was due to be signed with President Elchibey in June 1993, whereby Azerbaijan's State Oil Company (SOCAR) would take a 30% share in the project. However Elchibey's sudden overthrow brought the companies back to the negotiating table with President Aliyev.

101. In October 1993, the parties signed a new development protocol which did not cover the Gunashli field. In April 1994, SOCAR officially announced to its consortium partners that the Russian company Lukoil would take a 10% holding (from SOCAR's own share). The deal was finally signed on 20 September 1994. Russian Foreign Minister Kozyrev wanted to impose an economic embargo on Azerbaijan for signing the contract. In the course of 1994, Russia sent a diplomatic note to the United Kingdom claiming the right of veto over any contracts concluded in the Caspian and advising it not to invest in this particular one. The companies involved in the consortium were concerned about future pressure Russia might exert, since it could, owing to its control over the Volga river, obstruct the passage of any heavy equipment bound for the internal waters of the Caspian.

¹² See Rosemarie Forsythe: *"The politics of oil in the Caucasus and central Asia"*, *Adelphi Paper* 300, 1996.

¹³ *Ibid*

102. However, on 20 September 1994 an agreement was signed on production sharing. This was ratified by the Azerbaijan Parliament on 2 December 1994 and took effect on 12 December 1994. The production-sharing agreement was for a term of 30 years. The contract estimated the oil reserves of these fields at 4 billion barrels. As far as exports are concerned, a first pipeline runs across Russia, and the AIOC has started building a second pipeline network through Georgia, due for completion in late 1998. Finding itself unable to finance its 20% share, SOCAR is to transfer a further 5% to TPAO. In spring 1995, following intense competition between Exxon, Iran, Mobil, Elf-Aquitaine, Agip and Shell, Azerbaijan offered a 5% share to Exxon. In December 1994, the consortium had formed the Azerbaijan International Operating Company (AIOC), made up of 11 major petroleum companies with Terry D. Adams as Chairman. AIOC's task is to monitor the project on a day-to-day basis. Some 70% of the profits from the contract will go to Azerbaijan. Production could be around 200 000 barrels per day by end-1999 but full capacity will not be reached until 2004.

103. Given the problems encountered in negotiating the contract the companies proceeded with caution. The contract had been drafted in such a way that the parties could terminate it under certain conditions where potential problems could interfere with the proper implementation of its provisions. These were as follows:

- the spread of the war in Nagorno-Karabakh,
- significant deterioration in relations between Russia and Azerbaijan,
- instability within Azerbaijan,
- inability of the government of Azerbaijan to find a stable export route,
- any disagreement over the regime governing the status of the Caspian Sea.

104. Current participation is as follows: SOCAR 10% (Azerbaijan), Amoco Caspian Sea Petroleum Limited 17.01% (United States), BP Exploration (Caspian Sea) Limited, 17.1267% (United Kingdom), Delta Nimir Khazar Ltd 1.68% (Saudi Arabia), Den Norske Stats Olieselskap a.s. 8.5633% (Norway), S/C Lukoil

10% (Russia), Pennzoil Caspian Corporation: 4.8175% (United States); Ramco Khazar Energy Ltd: 2.0825% (United Kingdom); Turkie Petrolleri A.O. 6.75% (Turkey); Unocal Khazar Ltd. 10.0489% (United States); Exxon. 8.006% (United States), Itochu. 3.9205% (Japan). American companies are therefore in the lead with approximately a 40% interest followed by the British with around 19%.

105. On 10 November 1995 the Azeri Government signed a contract with the CIPCO (Caspian International Petroleum Company) made up of Lukoil, Agip and Pennzoil, under its current Chairman James A. Tilley. This contract was approved in the form of a piece of legislation and was ratified by the Azeri Parliament on 13 February 1996. LukAgip had a 45% share, Agip (Italy) 5%, Lukoil (Russia) 12.5% and Pennzoil (United States) acquired a 30% share. The Azeri company SOCAR held 7.5%. The concession, the Karabakh field (which has no connection with the Nagorno-Karabakh region) lies some 120 km off the coast from Baku, with a surface area of approximately 427 km² and reserves estimated at between 450 million and 1.26 billion barrels of crude oil and natural gas. The fields are some 20 km north of the Azeri, Chirag and Gunashli fields developed by the AIOC. Water depth varies between 160 and 225 metres¹⁴.

106. Elf-Aquitaine signed an agreement with SOCAR on the exploration, exploitation and shared production of the Lankaran and Talysh fields, on 13 January 1997. The agreement was signed in Paris in the presence of Azeri President Heydar Aliyev and French President Chirac. Other companies are to join the consortium. The Lankaran-Talysh fields cover an area of 420 km² and lie at a sea depth of between 20 and 100 metres. Participation is as follows: Elf Petroleum Azerbaijan B.V. (France) 40%, Total Exploration & Production (France) 10%, SOCAR (Azerbaijan) 25%, Deminex Azerbaijan Petroleum GmbH (Germany) 10%, Fina Oil Gas S.A. (Belgium) 5%, Oil Industries Engineering and Construction (OIEC, Iran) 10%.

107. The contract for the exploration and development of the Ashrafi and Dan Ulduzu fields by the North Absheron Operating Company (NAOC) was ratified by the Azerbaijan Parlia-

¹⁴ *Ibid*

ment on 25 January 1997. The NAOC includes SOCAR (Azerbaijan) 20%, Amoco (US) 30%, Unocal (US) 25.5%, Delta (Saudi Arabia) 4.5% and Itochu (Japan) 20%. The fields cover an area of 453 km² and water depth varies between 75 and 200 metres. Investments made by this consortium are estimated at US\$ 2 billion. The profit-sharing agreement will result in a bonus of US\$ 75 million for the Azerbaijan Government.

108. Responsibility for the exploration and development of Azerbaijan's underwater sector has been given to the Shah Daniz consortium. The production-sharing agreement was signed on 4 June 1996 and took effect on 17 October 1996. BP Exploration Ltd is responsible for the exploitation of the field. Shah Daniz is a partnership between BP (United Kingdom) and Statoil Alliance (Norway), each with a 25.5% share. The other partners are SOCAR (10%), Lukoil (Russia) 10%, Elf (France) 10%, OIEC (Iran) 10% and TPAO (Turkish Petroleum) 9%. The contract covers an area of about 200 m² in the Caspian Sea, 70 km from Baku. The production-sharing agreement provides for a budget of US\$ 200 million, a 3-year exploration phase and the publication of a report on the introduction of new safety and environmental standards.

109. Azerbaijan's efforts to follow an independent policy in the shadow of the major powers, in particular Russia and the United States, this year took the form of the following developments:

110. An agreement on the principles relating to the development and exploitation of the Kapaz field was signed on 4 July 1997 in Moscow between SOCAR (Azerbaijan) 50%, Lukoil (Russia) 30% and Rosneft (Russia) 20%. Reserves are estimated at more than 100 million tonnes of oil. The government of Turkmenistan protested against signature of the contract on the grounds that the Kapaz site lies in the Turkmen sector of the Caspian Sea, implying that Azerbaijan and Russia therefore have no right to make decisions as to its development. Azerbaijan is basing its entitlement to exploit this field on the fact that Azeri engineers discovered it in 1959 and have been working it since 1983. Moreover a decision in 1970 by the Soviet energy minister formally assigned the site to the Azeri sector of the Caspian Sea. Total invest-

ment provided under the contract came to approximately US\$ 1 billion. Talks are in progress to guarantee Turkmenistan an equitable share in the project.

111. Another contract between SOCAR (Azerbaijan) 50% and Lukoil (Russia) 50%, was concluded in Moscow on 3 July 1997 for exploitation of the Galana site. However the largest contracts were signed with the American companies, Exxon, Chevron, Amoco and Mobil during President Aliyev's visit to the United States. The value of these contracts is estimated at some US\$ 10 billion¹⁵.

112. Does this therefore indicate a change in the direction of United States policy in the Caucasus? Some representatives of the State Department and of Congress are in fact wondering if the law passed in 1992 prohibiting any American aid whatsoever to Azerbaijan should not be repealed. This piece of legislation was intended to support American policy in the conflict in Nagorno-Karabakh, when the United States initially supported the Armenian position. American interest in exploiting Azerbaijan's natural resources may possibly speed up the process of settlement of the Nagorno-Karabakh conflict.

3. The pipeline battle

113. As far as the important issue of export routes is concerned, the latest development was the opening, on 12 November 1997, of the oil pipeline between Baku and Novorossiysk, which will carry oil extracted by the AIOC international consortium across Russian territory via Grosny in Chechnya. For the time being relatively modest quantities are involved (roughly 40 000 tonnes per month), but the opening of the pipeline is nevertheless regarded in Azerbaijan as a major step forward, since Moscow for a time severed communications with Baku and the war in Chechnya made that particular pipeline extremely vulnerable.

114. However, this development again reveals the difficulty of finding alternative supply lines for Azerbaijan's oil, which is primarily of interest to countries that do not want to depend exclusively on the goodwill of the Russian Federation. The available options include the following:

¹⁵ *Le Monde*, 3 August 1997.

*Alternative oil supply routes from Azerbaijan to the Mediterranean*¹⁶

Oil pipelines	Total length (km)	Cost of investment (dollars)	Transport cost (dollars/tonne)	Length per country (km)
Azerbaijan Georgia Turkey (Ceyhan/ Mediterranean)	2 000	4.8 billion	24	1 200 250 1 200
Azerbaijan Georgia (Batumi/ Black Sea)	800	1.8 billion	9	400 400
Azerbaijan Russia (Novorossiysk/ Black Sea)	1 300	2 billion	10	200 1 100
Bulgaria Greece (Burgas/ Alexandroupolis)	275	700 million	3.5	145 130

115 Other solutions are also being considered, some of which were mentioned during the Subcommittee's visit to Kazakhstan and Azerbaijan. On 27 September 1997, China put an end to the border dispute it has had with Kazakhstan since the demise of the Soviet Union and the two countries have signed an oil agreement worth US\$ 9.5 billion. The settlement of the dispute was prompted by the desire to conclude oil agreements. Negotiations, which have been going on for two years, have concluded with an agreement between Kazakh President, Nursultan Nazarbaev and Chinese Premier Li Peng, who made a special trip to Alma-Ata, the capital of Kazakhstan.

116 Apart from energy supplies from the Uzen and Aktyubinsk sites, the concession for which has been awarded to the Chinese state oil company, the document provides for construction of two oil pipelines, to be operational by the year 2002. One, 3 000 km long, will extend to the Chinese border, while the other, 250 km long, will connect with Turkmenistan. The route for two other branches in east Kazakhstan is still to be negotiated.

117 Turkmenistan and Iran are currently looking at other projects for the construction of a

railway and pipelines in order to exploit Turkmenistan's oil and natural gas, from which Kazakhstan could also benefit. Thus over the last few years, Iran and Turkmenistan have signed a number of cooperation agreements concerning oil and natural gas supply routes, including a gas pipeline construction project which would link Turkmenistan to Turkey and Europe via Iran. The former American Secretary of State, Alexander Haig, was involved in coordinating this deal. In April 1994, Turkmenistan also concluded an agreement with Iran for the construction of an oil pipeline to supply northern Iran with Turkmen oil. There is also a project for bringing oil from Azerbaijan through Armenia and Turkey to the Mediterranean, but President Aliyev is against it, while the Americans are opposed to a pipeline passing through Iran. An alternative project for a pipeline through Georgia to Turkey is being examined but Turkey is not particularly keen on the idea. Lastly, there are even plans to build pipelines that link Turkmenistan and Pakistan to Afghanistan.

118 If we have concentrated in such detail in this report on exploitation of the Caspian Sea reserves, it is because your Rapporteurs consider that it was important to point to the complicated nature of a business deal that involves several WEU member states, such as the United Kingdom, France, Germany, Italy, Greece and Belgium, as well as Turkey and Norway, which are WEU associate members. The various projects for exploitation of the natural resources of the Caspian Sea in fact have political repercussions as the following examples serve to demonstrate.

119 In August 1993, to restrict oil supplies through the straits of the Bosphorus and thus deflect them on to the Mediterranean routes, Turkey requested revision, on ecological grounds, of the 1936 Convention of Montreux, which governs the status of the straits. Russia objected to this initiative, but after a collision between an oil tanker and a cargo vessel on 13 March 1994, Turkey decreed the entry into force of regulations covering maritime traffic, as from 1 July 1994.

120 The Turkish project for a "Mediterranean route" starting from the Turkish port of Ceyhan, will enable Turkey to consolidate its links with the countries of central Asia, take maximum advantage of its strategic position and geographic

¹⁶ Source: *Le courrier des pays de l'Est*, No. 444, August 1996.

proximity to Caspian Sea oil resources and thus considerably reduce its overheads.

121. According to Turkish sources, completion of the Mediterranean route would have the following advantages:

- the Turkish port of Ceyhan has the necessary infrastructure for petroleum transport. The Iraqi pipeline, closed by Turkey in 1990, has its outlet here. The port can cater for ships of a tonnage four times greater than the Russian port of Novorossiysk has capacity for. The port of Ceyhan is open 365 days a year, while the Russian port is occasionally closed on account of bad weather,
- transport costs towards western Europe would be half those from the port of Novorossiysk;
- the fall in traffic through the straits of the Bosphorus would reduce the risks of ecological disaster to the city of Istanbul. Since 1960, the number of ships that pass through the Bosphorus has increased by 150% and tonnage by 400%.
- security would be guaranteed since Turkey is a member of NATO

122. Russia decided to react to the Turkish decision to restrict shipping through the Bosphorus in 1994, by signing a pipeline construction agreement with Greece and Bulgaria. The pipeline would circumvent Turkey (Burgas-Alexandroupolis). The port of Burgas (in Bulgaria) has storage for 600 000 tonnes of oil, while the capacity of the port of Alexandroupolis (in Greece) is approximately 1.2 million tonnes. Tankers can be loaded in the Aegean Sea 8 kilometres offshore by means of a highly sophisticated and very safe system (similar to systems that exist in Norway and Canada), which protects the environment and minimises the risk of pollution.

123. The European Union is interested in the project, to the extent that the Balkan area could become a zone of cooperation between East and West, thus providing European countries with a guaranteed supply of oil. Clearly, completion of such a project would be of major interest to both Greece and Bulgaria.

V. The thrust of the foreign policy of the countries of central Asia and the Caucasus vis-à-vis major foreign power interests within the region

124. It has to be understood from the outset that the future stability of the region will depend on the principal foreign powers involved there such as the United States, Russia, China, Turkey and Iran. The growing involvement of American companies in the region is a cause of concern to the Russians who are constantly seeking to regain a dominant influence in a region where, since the last century, they have considered they have a major part to play.

125. President Yeltsin and other Russian representatives have used a variety of expressions to describe Russia's "special responsibility" towards the countries in question.

126. There are, in fact, two Russian views of the region, the first advanced by Foreign Minister Primakov who, on 21 July 1994, as the then Head of the KGB, signed a secret directive with the then Foreign Minister, Andrei Kozyrev, on "protecting Russian Federation interests in the Caspian Sea". On the grounds that Russia had to maintain its "sphere of influence" in the region Mr Primakov regards oil as an essential instrument in maintaining such influence. As far as international competition over regional oil is concerned, he holds that the politicking involved could be harmful to Russia's influence in the region.

127. The second view is held by Prime Minister Viktor Chernomyrdin and oil industry representatives, who regard Western involvement in oil development in the Caspian Sea as a very positive step and the means of acquiring advanced technology.

128. These two competing positions are reflected in the conflicting stances within the Russian Government with regard to the Caucasus and central Asia. For example, the agreement signed in Azerbaijan in September 1994 with the Russian Lukoil company, was subsequently denounced officially by the Russian Foreign Minister, although an official from the Russian Energy Ministry attended the signing ceremony. However, the generally accepted trend in Russian policy is to strengthen and consolidate its position in the region.

129 Some senior Russian public figures have publicly stated that since Russia is the heir of the Soviet Union and as the latter built the entire oil infrastructure necessary in the countries of the Caucasus and central Asia, they have a debt towards it. Russia has pursued an aggressive policy to ensure it has a share in major oil agreements (it obtained 10% for Lukoil in Azerbaijan and 15% for Gazprom in the Kazakh agreement on the Karachaganak field). In June 1994, Kazakhstan openly accused Russia of decreasing the volume of Kazakh oil passing through the existing pipeline to force Kazakhstan to give in to Russian political and economic demands.

130 It should be recalled in this connection that Russia still has armed forces and/or military bases in most of the CIS member states of central Asia and the Caucasus with the exception of Azerbaijan and Uzbekistan. The concessions recently made to Russia at the CFE Treaty Conference over forces deployment on the southern flank have further strengthened its position in the region.

131 Hence Russia continues to employ traditional politico-military methods to exert its influence through the conclusion of bilateral or multilateral agreements, if necessary acting through international bodies (such as the OSCE's Minsk Group). Such agreements enable it *inter alia* to establish military bases and deploy so-called "peacekeeping forces", or enter into armaments reduction processes. It uses the threat of military action as a means of leverage in negotiating contracts concerned with natural resources, even if there is never any open or official mention of it.

132 The principal concern of the United States is to avoid central Asia becoming either a region that is destabilised and ravaged by civil war, where nuclear proliferation or radical Islamist movements are rife, or the target for Russian ambitions. Such instability would also be damaging to prospects for the conclusion and implementation of contracts for the exploitation of natural resources, areas in which American companies hope to play a leading role.

133 The United States officially has three major political aims within the region. The first is to support the desire for independence and sovereignty of the countries of the region. The United States is particularly interested in the oil resources of certain countries such as Azerbaijan

and Kazakhstan. These are the key to the region's future development and could also be the means of helping countries without such resources such as Armenia or Georgia, depending on the supply routes established.

134 The second aim is to support US trade interests as far as regional oil production and export is concerned. US companies could hasten economic reforms and facilitate the region's entry to the world economic market. This commercial presence would strengthen US influence in the region. The United States hopes furthermore that oil agreements will prove profitable.

135 Its third aim is to diversify its oil supplies and reduce its dependence on the Persian Gulf. Diversification will also be necessary to keep up with an ever-increasing world demand for oil products. The margin between supply and demand is becoming steadily narrower, owing to the fact that a number of wells are drying up. Oil from the Caspian Sea will have no impact on this trend before 2005.

136 The United States' difficulty is to find a compromise between its commercial interests and its foreign policy which aims to contain Iraq and Iran, encourage economic and political reform in Russia, lend support for the settlement of regional conflicts (Nagorno-Karabakh, Chechnya, Georgia) and maintain good relations with Turkey. Rapid development of oil projects is essential to these countries whose economies are still very dependent on Russia.

137 The United States' oil policy in the region relies on four main props

- (i) Active diplomatic support at all levels, from embassy personnel up to the President of the United States. The President, Vice-President and several members of the government have taken active steps in pursuit of American aims at a number of meetings held with the oil countries. The United States has taken a special interest in the Tengizchevroil project in Kazakhstan. Azerbaijan's international petroleum consortium and in the problems relating to border demarcation on the Caspian Sea. American representatives maintain significant levels of contact with representatives of their petroleum companies to coordinate strategies to promote

their national commercial interests. It would appear that President Clinton's talks with the Azeri President, Mr Aliyev, in October 1997 made a decisive contribution to the conclusion of the agreement defining the northern and western routes for early exports. Vice-President Gore also played a highly active part in promoting American oil policy in the region through contacts with regional leaders and talks with Mr Chernomyrdin.

(ii) Exchanges between governments and commercial organisations. These include the Overseas Private Investment Corporation, the US Department of Trade, the Export-Import Bank and the Trade and Development Agency. These organisations are already involved in projects or are trying to find ways of setting up projects more rapidly and efficiently.

(iii) Technical assistance to help these countries develop their commercial infrastructure and legal systems and to facilitate development of their oil sectors and other export industries

(iv) Support for efforts made by international financial institutions to strengthen their infrastructure policies

138 The United States has established several parameters to support this policy. These include the establishment of a number of short- and medium-term supply routes. The United States has encouraged this policy since 1994, because it creates trade competition and guarantees a continuous flow of energy supplies by avoiding dependence on a single route.

139 Among those envisaged, the United States favours the route which would cross Turkey. This would increase total oil export capacity from the Caspian Sea while relieving current pressure on the Russian pipeline system. The Caspian Sea countries' dependence on Russia would thus be reduced and the argument in favour of building a pipeline to the Persian Gulf through Iran would lose its force. The United States is also opposed to projects which would give Iran any political, material or economic advantages and has encouraged the Caspian Sea states to involve Iran as a little as possible in oil projects. However, it would seem that US policy

in this respect is not always consistent. For instance, on 25 July 1997, the White House announced that it was no longer opposed to a pipeline carrying natural gas from Turkmenistan to Turkey via Iran¹⁷. But yet, when Kazakhstan signed a major oil contract on 19 November 1997 in Washington with a consortium comprising four companies, President Clinton used the opportunity to strongly advise the President of Kazakhstan, Mr Nazarbaev, not to route the oil through Iran¹⁸.

140. As far as regional security is concerned, the United States, through its Defence Department, supports the development of regional armed forces. It hopes, by setting up military training programmes, to induce the forces of the countries in question to break with the traditions of the former Soviet army. Recent initiatives, such as the signature by Defence Secretary William Perry of an agreement giving Kazakhstan US\$ 37 million worth of loans for defence industry reconversion (in particular for upgrading equipment at the Stepnogorsk chemical works) also come under this heading. Involvement in the NATO Partnership for Peace programme will also offer these countries an alternative to Russian aid. The United States could involve itself more widely in regional development within the framework of international organisations such as the OSCE or the United Nations. It is currently involved in environmental protection programmes and programmes to combat arms proliferation, the spread of drugs and organised crime.

141. China is not predisposed to direct intervention in this region, except as regards the problem of the Uygur minority in Xinjiang province. It has developed economic and trading relations with Kazakhstan and Kirghizistan, and the Caspian Sea area could, in the long run, become a supplier of resources to China, with natural gas from Turkmenistan and oil from Kazakhstan. It is in China's interests for these countries not to draw too close to Russian and Western markets. Furthermore China is offering infrastructure that is attractive to central Asia. A new railway line, completed in June 1992, links Alma-Ata with Urumqi and Urumqi with Shanghai, over a distance of 3 000 km. October 1990

¹⁷ *Frankfurter Allgemeine Zeitung*, 21 August 1997.

¹⁸ *Le Monde*, 21 November 1997. *Frankfurter Allgemeine Zeitung*, 20 November 1997.

saw the opening of the Trans-Eurasian railway line across central Asia, leading to large-scale movements of people, goods and currencies. China considers that economic development is the best way of limiting ethnic conflict in the future. For this reason it has undertaken a series of reforms with a view to rapid development of the economy of Xinjiang and hence that of central Asia as a whole. In 1992, Beijing granted Urumqi, the capital of Xinjiang province, preferential trading rights on a par with those of the coastal regions.

142 China is concerned at the unrest in Tajikistan and in the Ferghana Valley, next door to its Muslim regions, which it fears could spill over the borders into the country. The way in which China solves the problems in this region will determine its future relations with its regional rivals, the Middle East and south-east Asia. Stability in central Asia is essential for its economic development. Indeed, China has become an importer of crude oil and will be importing an estimated 100 million barrels around 2010, unless it finds new resources. If it is able to build an oil pipeline, the central Asian region will take on considerable importance for China in the next century.

143 Russia has started negotiations with China and the two countries have signed arms reduction agreements. Their relations have developed essentially due to Russian arms sales to China, the total value of which exceeded US\$ 2.5 billion between 1992 and 1994.

144 In 1992 Russia and China agreed to speed up negotiations on the borders with Kazakhstan, Kirghizstan and Tajikistan and expressed their willingness to reach agreement on the western borders contested by China. The two countries decided to establish a zone of stability in border areas by reducing military forces, equipment and activities there up to a distance of 100 km from the border.

145. On 26 April 1996, an agreement was concluded in Shanghai between Russia, China, Kazakhstan, Kirghizstan and Uzbekistan, with a view to reducing the tensions on their common borders. The signatories pledged to refrain from using or threatening to use force against each other (including by border guards) and from seeking a unilateral military advantage. The

agreement provided for exchanges of information on military forces deployed in the region and for prior notification of exercises to be performed close to borders. The number of such exercises would be reduced and inspections organised on a reciprocal basis. The Russian and Chinese Presidents also agreed to continue negotiations on military force reductions in border areas.

146. On 24 April 1997, the signatories of the Shanghai agreement signed another agreement in Moscow setting a ceiling on land forces, tactical air forces and air defence forces deployed within a band of 100 km on either side of the border between China and the former Soviet republics. According to Russian military sources, the ceiling was fixed at a strength of 130 400 for land forces and 3 900 tanks for China, and at an equivalent level for Russia, Kazakhstan, Kirghizstan and Tajikistan together. This agreement does not in fact reduce existing forces, since the current level of forces deployed by the five countries is lower than the agreed ceiling.

147 China is not in favour of a regional system of collective security, whereas Russia does support such a system as a long-term objective. However China and Russia do have a similar approach to regional security. In a joint declaration both parties stressed the importance of bilateral or regional-level dialogue on security issues and the need to strengthen cooperation in the field of regional security by endeavouring to achieve consensus through regular consultations. The Russians and Chinese have the same short-term interest, which is to counter ethno-nationalist and religious ambitions in this region.

148 During the Subcommittee's talks in Alma-Ata, the Kazakh representatives asserted that Kazakhstan has good relations with its two large neighbours, Russia and China. Relations with China, in particular, had improved and Kazakhstan's independence was not in jeopardy. It was confirmed during the meeting at the Defence Ministry that Kazakhstan has concluded several military cooperation agreements with Russia. However, the deployment of Russian troops on Kazakh territory was said to be limited to protecting rented bases such as the one in Baikonur, while the borders of Kazakhstan were defended exclusively by Kazakh forces, which were not, however, involved in peacekeeping operations in Tajikistan.

149 The Deputy Foreign Minister of Kazakhstan stressed among other things the importance of maintaining a balance of interests in the region. Regarding relations with China, he underscored the importance of a treaty that was recently concluded between the two countries on the transport of oil to China and on construction plans for a railway that is to cross China. Kazakhstan is very much in favour of forced integration of the CIS and the Minister reiterated proposals for the creation of a Euro-Asian union, while acknowledging that mutual trust among CIS member states had not reached a sufficient level. In particular he welcomed the political union agreed between Russia and Belarus, without showing very much concern for human rights violations in the latter.

150. Regarding the Tashkent Treaty developments, the Deputy Minister felt that the Treaty would not lead to a genuine military alliance since each country had its own system of defence and military doctrine and that it could not jeopardise the independence of Kazakhstan. The country was participating in peacekeeping efforts under UN auspices by allocating forces to the central Asian battalion for peacekeeping operations. It was also working in close cooperation with the Partnership for Peace institutions and did not see NATO enlargement as a threat.

151 However, it must not upset the international balance. NATO should take Russian interests into account, since destabilisation of Russia would in turn destabilise Kazakhstan. From this point of view, Kazakhstan welcomed the terms of the NATO-Russia Founding Act. Generally speaking, Kazakhstan was anxious to play a role in cooperation at international level, but also in an OSCE framework. Kazakhstan's interests were directed towards Europe and it saw itself as a bridge between Asia and Europe.

152 According to other sources, the President of Kazakhstan was disappointed with what he considered to be insufficient efforts to strengthen the CIS, and he purportedly criticised President Yeltsin on that point. Regarding relations with the European Union, it had signed a cooperation agreement with Kazakhstan, but given the lack of a true CFSP, there was no common European policy vis-à-vis this country.

153 Turkey for its part would like to play a leading role vis-à-vis the Turkish-speaking

peoples in this region. However, its efforts to exert economic influence in these countries conflict with Russian and Iranian ambitions due to deeply-rooted historical rivalry with those countries. Turkey is a bridge offering alternative trading and economic routes from the Caucasus and central Asia to the West, thereby obviating the need to pass through Russia or Iran. Russia views it as a geopolitical rival and as a potential threat as a bastion of the West or of Islam.

154. In spite of their rivalry the two countries refrain from interfering in the internal affairs of the other (Chechnya, Kurds), as it is not in their interest to encourage separatist movements. Moreover private economic interests are creating new ties between them. Turkey was the first NATO country to receive deliveries of Russian armaments.

155. Relations between Turkey and "Christian" Georgia are excellent. Indeed, since the blockade against Iraq, Turkey has been looking for new markets to offset its economic losses and has thus become Georgia's main trading partner. Moreover Georgia, keen on the emergence of a geopolitical force to provide a counterweight in this region, is in favour of an alliance with Turkey and Azerbaijan, strengthened by the joint project for the construction of oil pipelines linking the Caspian Sea with the West. Azerbaijan appears to be an unofficial ally of Turkey, particularly since the latter, for historical reasons dating back to the first world war, has poor relations with Armenia which is currently involved in a conflict with Azerbaijan over the Nagorno-Karabakh region.

156 Turkey's relations with the Turkish-speaking countries of the Caspian Sea region dwindled during the period of Soviet rule, but since the collapse of the Soviet Union, it has been endeavouring to revive its links with these countries and since 1991 has concluded a number of political, economic and military agreements with them. Since the fall of the openly pro-Turkish Azeri President Elchibey, which some people claim was orchestrated by Russia due to its fears of an Azeri-Turkish *rapprochement*, Turkey has been concerned about Russia's stance and has been insisting on the need for the countries of the region to reduce their dependence on Russia, in particular as regards the route for their oil exports.

157. Turkey's objective being to extend its influence in the region, it has a particular interest in the construction of a pipeline to convey oil from the Caspian Sea to its own territory, as well as in the financial benefits and jobs that would be generated by such a project. The conflict with the Kurds might however be an impediment, since it affects the region through which the pipeline would transit. The oil pipeline projects are confronted with another difficulty, which is that oil from Azerbaijan and/or Kazakhstan would necessarily have to pass through Iran and/or Armenia and Georgia before reaching Turkey. None of these routes is particularly secure since they must cross zones of political instability.

158 Iran's objectives in this region are of a different nature. Its aim is to extend its political influence, establish profitable economic and trading relations and to acquire Soviet military equipment as well as nuclear equipment. It aspires to the role of regional leader. Iranian President Hoshemi Rafsanjani often refers to the region of the Caucasus and central Asia as a "centre for economic exchanges". The region's newly discovered oil reserves are of considerable interest to Iran whose own natural resources are being depleted.

159 Iranian representatives, religious leaders and businessmen have visited all the countries of the region and established ties with the new governments and their peoples. Iran has broadened its economic contacts and established new joint ventures, particularly in the field of oil and natural gas. It has particularly close relations with Turkmenistan, which is a cause of concern for Uzbekistan and Kazakhstan, due in particular to the armed support that Iran provides to the opposition in Tajikistan. Other countries of the region have links with Iran to counterbalance their relations with Russia and Turkey.

160. Iran does not seem intent on imposing its model of society on the other countries of the region. It establishes cultural and economic links with them, as is usual among neighbouring countries, but its relations with them are realistic and pragmatic. Iran has very close ties with its neighbour Turkmenistan, despite the fact that the latter is a Turkish-speaking and Sunni country. Its relations with these countries focus essentially on energy resources and their transport. Iran

offers to these countries a corridor providing access to the Persian Gulf and the Indian Ocean and has created free trade areas all along its northern border. It has built a rail link from the port of Bandar Abbas, on the Persian Gulf, to Bafq, and an extension from Mashhad to Sarakhs, thereby linking the country with Turkmenistan. An Iranian private company is in charge of a project for the construction of a 1 100 km rail link from the port of Chah Bahar to Sarakhs.

161. Iran's relations with Azerbaijan are delicate, the latter having bowed to pressure from the United States to refuse Iranian participation in the international Azeri oil consortium. Further problems are the territorial claims of the two countries and Iran's good relations with Armenia. Iran has established contacts with Turkmenistan, with a view to examining railway and pipeline construction projects for the export of natural gas from Turkmenistan.

162 Regarding the role of Uzbekistan in the region of central Asia, its policy differs on a number of important points from that of its neighbour Kazakhstan. During the Subcommittee's visit to Tashkent, the Vice-Chairman of the Uzbek Parliament's Defence Committee was at pains to point out that Uzbekistan was not part of any military bloc despite being a signatory of the Tashkent Treaty. Uzbekistan would be prepared to make forces available to the UN if it were to decide to mount a peacekeeping operation in the region. Thus it is a contributor to the peacekeeping force composed of Uzbek, Kazakh and Kirghiz units.

163 Uzbekistan is considered to be the most important power in the region and President Karimov is endeavouring to build up a strong state in the tradition of the empire created by Tamburlaine during the 14th and 15th centuries. It refuses to introduce market economy principles using shock therapy and instead advocates the "Uzbek way" which rejects abandoning state responsibilities in many sectors of the Uzbek economy.

164 Although Uzbekistan still tends to want to settle all its internal problems without placing sufficient emphasis on the development of a free society taking control of a number of its problems and on the establishment of a market economy, it would seem that President Karimov's

policy has produced some good results and the country can now be considered as an important factor for stability in the region. It is also a bastion against the influence of radical Islam

165 Nevertheless, Uzbekistan fears that it might become marginalised because of its position between the major powers of the region, notably Russia and Iran. Relations with Turkmenistan are not easy given the authoritarianism of the two Presidents and relations between Uzbekistan and Kazakhstan are those of two rival states which nonetheless have in common the desire to remain independent vis-à-vis major foreign powers

166 In view of the constructive role it is playing to strengthen regional stability and find fair solutions to the conflicts raging in Afghanistan and Tajikistan, Uzbekistan deserves political support and increased material assistance from the European institutions.

167 As regards Azerbaijan's policy towards the Commonwealth of Independent States (CIS), it considers them to be a useful medium for economic but not political integration. It is opposed to all attempts to transform the CIS into a community resembling the former Soviet Union. All the Azeri contacts the Subcommittee met said their country was determined to draw as close as possible to the European institutions

168 According to the Azeri Defence Minister, Russia had not given up its imperialist ambitions in the Caucasus. Azeri armed forces had been in a very difficult situation since the defeat they had suffered at the hands of the Armenians whereas Armenia was receiving arms supplies from Russia. Europe, and WEU in particular, contribute to efforts to find a peaceful solution to the problem of Nagorno-Karabakh and should help Azerbaijan to rebuild its armed forces. The Minister thought the CIS could not survive very much longer in its current state and might even collapse

169 Azerbaijan therefore saw no contradiction between membership of the CIS and the precautions it had to take to defend itself against any Russian ambitions. The Foreign Minister regretted that WEU was the only European organisation with which Azerbaijan had been unable to establish official relations and considered this particularly worrying in view of the fact that

Armenia had concluded a military alliance with Russia. Armenia had military bases in Georgia, and Russia and Iran were closing ranks around Azerbaijan. The latter had joined the CIS to safeguard, not lose, its independence. Had it remained outside, it would have been totally isolated. Unfortunately, neither the OSCE nor NATO seemed to have understood the difficult position of Azerbaijan, which could not simply walk out of the CIS. Closer relations between Azerbaijan and WEU, even a special status, would be very much appreciated. The country needed collective assistance, among other things to modernise its military equipment.

170 According to President Aliyev's special adviser, it was difficult to foresee how relations with Russia would develop since the country was still in a transitional phase. Azerbaijan would very much like to develop close cooperation with the United States and sincerely hoped that the latter would repeal legislation restricting economic aid to it, following the conflict in Nagorno-Karabakh. Regarding the route of the oil pipelines, Azerbaijan was in favour of there being as many as possible in particular through Armenia. However, Azerbaijan was convinced that Russia would not allow a pipeline to cross Armenian territory.

VI. What role for Europe?

171. The European countries involved in the region generally share the same political objectives as the United States and have consequently drawn up political, commercial and aid programmes similar to the American programmes for the region. However, strong competition to obtain shares in the consortium exploiting the resources of Azerbaijan accentuates the different positions adopted by Western states. There are major differences between the United States and European countries when it comes to the question of what attitude should be taken vis-à-vis Iran. Some international organisations, such as the World Bank or the EBRD, could play a bigger role in the future of the region. The World Bank has set up projects designed to help some of the countries around the Caspian Sea develop their energy infrastructure and legal systems. The European Union provides the Caucasus and central Asia with quite considerable humanitarian and technical aid but has not yet proposed any

assistance in the gas and oil sectors. While it is, however, currently studying the construction projects for the Burgas-Alexandroupolis (Russia-Greece-Bulgaria) oil pipeline, it will have to weigh the advantages and disadvantages of all the solutions and not support just one project.

172 The European Union's main involvement is in the Traceca project whose purpose is to establish rail and sea links between the Georgian Black Sea coastline and central Asia. But what is missing in Europe is a coherent political view of affairs. The European countries have no role whatsoever in the strategic decisions concerning energy matters¹⁹. However, a specialist at the *Wissenschaft und Politik* foundation in Ebenhausen has expressed the following view²⁰.

"In 1990, i.e. at the earliest possible opportunity, the European Union drew up the basis for a treaty text in the form of the European Energy Charter (which was signed in December 1991) covering the whole of Europe, the former Soviet Union and all other Western industrialised countries. Its purpose was to establish a common code of conduct for the exploitation of energy resources and their transport, thus providing a legal guarantee for investors in particular, but also to set environmental standards.

By 1994 an Energy Charter Treaty had been negotiated whose provisions make this code of conduct binding on the signatories under international law. Although the United States and Canada have not signed this Treaty, all the European countries and Soviet Union successor states have done so. However, the ratification process is still under way and the Treaty is not yet in force.

There is everything to suggest that the European Union and its member states, which have no political counter interests in the region, will push for the process to be completed and enhance its political value. After all, it does nothing less than replace an era of order by diktat with an era in which the same rules apply to everyone."

¹⁹ *Le Monde Diplomatique*, October 1997

²⁰ *Frankfurter Allgemeine Zeitung*, 21 August 1997

173 A good number of WEU member countries are part of economic consortia in the region and WEU should be prepared both to support a process that will guarantee peace and stability throughout the area, and make a bigger contribution to the efforts being made to put an end to the conflicts that are continuing to threaten peace in this part of the world.

VII. Conclusions

174 The way the situation in central Asia and the Caucasus will develop over the next few decades will depend on a number of factors:

- first, the extent of the natural resources in the region around the Caspian Sea needs to be established with more precision compared with those of other development sites, for instance in the Persian Gulf; at the moment there are still too many discrepancies in experts' estimates;
- second, everything must be done to prevent all the powers involved in the region from engaging in cut-throat competition to exploit and export those natural resources because, sooner or later, this could lead to situations of conflict liable to escalate out of control.

175 What needs to be done before anything else is to intensify the efforts being made to stabilise and consolidate the political, economic and social situation in all the countries of the region that emerged after the disintegration of the Soviet Union.

176 Any initiatives designed to solve the ongoing regional conflicts must be stepped up and measures taken to prevent crises breaking out in zones where there is a risk of ethnic or religious confrontation.

177 Close attention must be paid to developments in the CIS and to Russia's reactions in the event of it no longer being able to use the CIS to re-establish its influence on its southern flank, particularly in central Asia and the Caucasus. It is therefore important that this part of the world should become a region of economic cooperation in which all the interested countries could take part and from which they could all benefit.

178 It will be necessary for the United States and Europe to concert their policies towards the countries concerned and put an end to a number of differences between them, notably concerning Iran

179 Europe should agree on a genuine common policy towards central Asia and the Caucasus and, with the assistance of WEU, make preparations to provide a specific peacekeeping contribution so that none of the powers of the region can pose a threat

APPENDIX

Contribution from Mr Akçali, co-Rapporteur

It has only been five or six years since the countries of central Asia and Azerbaijan proclaimed their independence. After 70 years under the Soviet regime, what they have achieved both in the economic and social fields cannot be underestimated. It is the common policy of those countries to rid themselves of the former Soviet system and develop their relations with the West. They are accordingly prepared to align their constitutions and electoral systems with the Western model. The Constitutional Court is trying to establish democratic institutions in order to guarantee human rights

The President of Kazakhstan has summed up these ambitions in the following terms: "We are Europeans. Part of our territory lies within the borders of Europe"

For these countries the challenge of transforming their economies, which were integrated with the former Soviet economy, into self-sufficient systems and transferring their production output directly to the European market is one that will be very difficult to meet. However, they have the necessary political will to achieve this objective.

Through the CIS, the Russian Federation wants to influence the countries of central Asia but notwithstanding this, the latter have managed in part to free themselves from the pressure exerted by Russia.

Kazakhstan, Turkmenistan, Uzbekistan and Azerbaijan have opened their rich oil, natural gas, gold and other mines for investment by the West. The Western countries and the Russian Federation have established a balance for the use of these resources. The governments of the central Asian countries are giving economic preference to a free market economy, in other words, to the West.

The West, in its turn, should show interest in developing the region and help these countries in the fields of information technology and investment.

There are some factors that make for easier relations with Europe and even America. They are very important and should not be underestimated in the context of the central Asian countries drawing closer to Europe.

One of them is the fact that Turkish is spoken in four of the central Asian republics and in Azerbaijan. As a result there is a special cultural relationship between these countries and Turkey. This may not only be in the interest of Turkey but also in the common interest of the Western countries. The West should make the most of this relationship in the social, economic and democratic fields and its countries should become involved in central Asia not as owners but as partners.

The close relations Turkey enjoys with Turkish-speaking countries has resulted in the adoption of the Latin alphabet in Kazakhstan, Turkmenistan, Uzbekistan and Azerbaijan. This is very important as far as Europe is concerned. However, in central Asia there has been a great deal of controversy on this subject and pressure for the Arabic alphabet to replace the Cyrillic alphabet. Were the Arabic alphabet to be adopted in these countries, it would be very difficult to prevent the social and religious penetration of Iran and Saudi Arabia. Use of the Latin alphabet in the countries concerned will be a very significant factor in establishing Western democratic institutions based on human rights. Changing over from the Cyrillic to the Latin alphabet is a very expensive process. For Uzbekistan alone, the cost is estimated to be some US\$ 6-7 billion. Given that the central Asian countries do not have the means to meet this cost, the transition process has been extended to cover ten years. Financial support from the West for stationery and printing costs, etc. would shorten that period. Adoption of the Latin alphabet will not only help foster relations with Turkey but will also lead to a better understanding of western European languages.

The utmost attention should be paid to the secular understanding of Islam in central Asia and Azerbaijan. What Europe is concerned about is the spread of an Iranian type (Shiite) of Islam throughout central Asia and Azerbaijan. The existence of an understanding of Islam based on tolerance can easily be understood in both countries. Even in Azerbaijan, where the majority of people are Shiite, there is an understanding of a secular state and a climate of tolerance is the norm. In Turkey, Azerbaijan and the central Asian countries, tolerance and real Islam

exist side by side. The West needs to appreciate this situation.


It is quite clear that Uzbekistan and Kazakhstan are prepared to counter any impact from the conflict in Afghanistan that has its origin in religion.

The most important factor preventing central Asia and Azerbaijan from drawing closer to Europe is the conflict with Armenia over Nagorno-Karabakh. The Iranian-Armenian-Russian axis is hampering the efforts of the central Asian countries to develop relations with the West.

A glance at a map of the region shows that the most direct road and shipping routes to central Asia

pass through Armenia. Keeping them closed because of the Nagorno-Karabakh conflict isolates Azerbaijan and central Asia from the world. If their isolation continues, they will have to look for partners other than in the West.

The West should settle the Nagorno-Karabakh conflict before it escalates into a clash between Christians and Muslims. A substantial Russian military presence may force Azerbaijan, which would be helpless in the event of a fierce confrontation, into defending itself after the manner of Afghanistan. Moreover, there is some speculation as to the existence of non-Azeri groups among those resisting the Armenian invasion.

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